

Message Text

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ACTION NEA-10

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FM AMEMBASSY TUNIS

TO USDOC WASHDC

INFO SECSTATE WASHDC 7985

AMEMBASSY RABAT

UNCLAS TUNIS 6014

DEPT PASS OPIC AND EXIMBANK

RABAT FOR AGATT

E.O.11652: NA

TAGS: BEXP, ECRE, EPAP, TS

SUBJ: MAJOR PROJECTS UNDER TUNISIAN DEVELOPMENT PLAN

1977-81: SUGAR BEET FACTORY/REFINERY:EARLY WARNING

REF: 10 FAM 164, TUNIS A-097, TUNIS 5282

1. FOLLOWING "EARLY WARNING" ON SUGAR BEET FACTORY/REFINERY CONTINUES EMBASSY REPORTING ON MAJOR PROJECTS OF COMMERCIAL INTEREST TO BE CARRIED OUT UNDER TUNISIA'S FIFTH DEVELOPMENT PLAN (1977-81), AS LISTED BY GOT (TUNIS A-097).

2. PROJECT NO.28: SUGAR FACTORY/REFINERY: COMPANY IN CHARGE OF PROJECT: SOCIETE TUNISIENNE DE SUCRE (STS - GOVERNMENT OWNED SUGAR COMPANY). TO HELP MEET INCREASING DOMESTIC DEMAND FOR SUGAR WHILE REDUCING DEPENDENCE ON IMPORTS, GOT HAS DECIDED TO CONSTRUCT ADDITIOANL CAPACITY OF 25,000 METRIC TONS ANNUALLY OF SUGAR, RAISING NATIONAL CAPACITY TO ABOUT 35,000 MT OR 22 PERCENT OF 1981 DEMAND. (PRESENT PRIMARY PRODUCTION MEETS ONLY ABOUT 6 PERCENT OF DEMAND).

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3. SUGAR BEETS ARE GROWN IN NORTHERN AREA BUT ANNUAL PRODUCTION (83,000 MT IN 1976) MUST BE INCREASED BY ROUGHLY 250,000 MT TO SERVE NEW PROCESSING CAPACITY. ACCORDING TO FIFTH DEVELOPMENT PLAN, SUGAR BEET PRODUCTION SHOULD REACH 350 TO 400,000 TONS IN 1981 BY EXPANDING AREA CULTIVATED FROM 3,000 TO 10,000 HECTARES 60 PERCENT OF IT IRRIGATED, WITH 58 PERCENT OF OF PRODUCTION TO BE CONTRIBUTED BY PRIVATE FARMERS.

4. ACCORDING TO MR. REBAI, DIRECTOR OF STS PLANT LOCATED AT BEJA, (SMALL CITY 60 MILES NORTH WEST OF TUNIS), TOTAL COST OF PROJECT DEPENDS ON WHETHER EXISTING SUGAR PLANT/REFINERY AT BEJA IS TO BE EXPANDED AND/OR NEW FACTORY OR FACTORY/REFINERY BUILT. DECISION ON WHETHER TO EXPAND EXISTING FACTORY AND/OR TO BUILD NEW ONE WILL BE MADE IN NEXT FEW MONTHS. COST OF EXTENDING EXISTING PLANT IS ESTIMATED AT \$23 MILLION, WHILE COST OF NEW ONE WOULD BE \$52-61 MILLION. CONCERNING FINANCING, IT IS EXPECTED THAT 20/30 PERCENT WILL COME EITHER FROM GOT AND/OR SELF-FINANCING THROUGH RETAINED EARNINGS AND/OR INCREASE IN STS CAPITAL. REMAINING 70/80 PERCENT EXPECTED TO COME FROM SUPPLIER CREDITS OR GOVERNMENT TO GOVERNMENT LOANS.

5. FEASIBILITY STUDY FOR NEW SUGAR FACTORY HAS BEEN COMPLETED FOR STS BY "AUDIT", A CONSULTING FIRM IN TUNIS. IN CONTEXT OF ECONOMIC ASSISTANCE, BELGIAN GOVERNMENT HAS AGREED IN PRINCIPLE TO DO TECHNICAL AND FEASIBILITY STUDY FOR EXPANSION OF BEJA FACTORY AND UPON FURTHER REQUEST OF GOT, TO DO FEASIBILITY STUDIES FOR BOTH A NEW SUGAR FACTORY/REFINERY PLANT AND FOR ANOTHER SUGAR FACTORY. (IT IS NOT CLEAR WHETHER OF NOT ONE OF THE STUDIES WOULD COVER SAME GROUND AS "AUDIT" STUDY). BELGIAN GOVERNMENT HAS ASKED FOR SUPPLEMENTARY INFORMATION, SUCH AS DESIRED LOCATIONS, TO GET STUDIES UNDERWAY, BUT INFORMATION NOT YET RECEIVED. ACCORDING TO MR. REBAI, STS DIRECTOR, BELGIANS IN ANY EVENT WILL HAVE NO INSIDE TRACK ON SUGAR CONTRACTS. AMERICANS ARE WELCOME;
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THEIR LIKELIHOOD OF SUCCESS WILL DEPEND IN LARGE MEASURE ON FINANCING TERMS.

6. RECOMMEND INTERESTED FIRMS CONTACT MR. REBAI, DIRECTOR, D'USINE, SOCIETE TUNISIENNE DU SUCRE, BEJA, TUNISIA, (TEL: 08-50-97).

7. SUGGEST OPIC PASS TO EUGENE GRASBERG OF AGRIBUSINESS BOUNCIL, INC. IN NEW YORK CITY. (PROCESSING OF SUGAR IS ONE PROJECT AREA UNDER STUDY BY ABC).
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Message Attributes

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Disposition Case Number: n/a
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